



## OFFICE OF

In the Matter of

INSURANCE COMMISSIONER No. G04-78

The Financial Examination of  
**KCTS TELEVISION**
 )  
 ) FINDINGS, CONCLUSIONS,  
 ) AND ORDER ADOPTING REPORT  
 ) OF  
 ) FINANCIAL EXAMINATION

A Domestic Charitable Gift Annuity Issuer. \_\_\_\_\_

**BACKGROUND**

An examination of the financial condition of **KCTS TELEVISION** (KCTS) as of December 31, 2002, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). KCTS holds a Washington certificate of exemption to issue charitable gift annuities. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings and instructions was transmitted to KCTS for its comments on September 8, 2004. As of this date, KCTS has not responded.

The Commissioner or a designee has considered the report, the relevant portions of the examiners work papers, and submissions by KCTS.

**FINDINGS**

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 1 through 9 of the report.

**CONCLUSIONS**

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of **KCTS TELEVISION** and to order KCTS to take the actions described in the Instructions and Comments and Recommendations sections of the report. The Commissioner acknowledges that KCTS may have implemented the Instructions prior to the date of this order. The Instructions and Comments and Recommendations in the report are an appropriate response to the matters found in the examination.

**ORDER**

The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

KCTS TELEVISION  
 Order Adopting Examination Report  
 November 15, 2004

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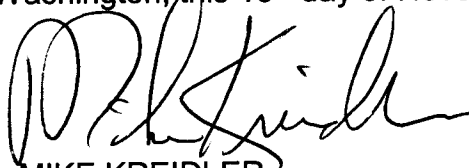


KCTS is ordered as follows, these being the Instructions and Comments and Recommendations contained in the examination report on pages 1-3.

1. KCTS is ordered to report the statutory reserve amount on its financial statements pursuant to RCW 48.38.020(1) and (3). Instruction 1, Examination Report, page 2.
2. KCTS is ordered to develop a system for accounting, investing, and reporting the assets of its separate reserve fund pursuant to RCW 48.38.020(1) and (2)(a). Instruction 2, Examination Report, page 2.
3. Pursuant to Chapter 48.38 RCW, KCTS is ordered to develop a system for accounting and reporting of its charitable gift annuity business to ensure its compliance with the principles or practices prescribed or permitted by the Washington State Office of the Insurance Commissioner. This system should include procedures for appropriate review, by staff other than the report preparer, to assure the completeness and accuracy of the Annual Report. Instruction 3, Examination Report, page 3.
4. KCTS is ordered to consider maintaining adequate documentation of an annuitant's death. Comments and Recommendations 1, Examination Report, page 3.

IT IS FURTHER ORDERED THAT, KCTS file with the Chief Examiner, within 90 days of the date of this order, a detailed report specifying how KCTS has addressed each of the requirements of this order.

ENTERED at Tumwater, Washington, this 15<sup>th</sup> day of November, 2004.

A handwritten signature in black ink, appearing to read "Mike Kreidler", is written over the printed name.

MIKE KREIDLER  
Insurance Commissioner